

Minutes

Coalbed Methane Multi-Stakeholder Advisory Committee II (the MAC II)
Meeting Minutes
Room 206, Red Deer Provincial Building
October 31, 2007
10:00 a.m. to 2:20 p.m.

In attendance:

Sharla Rauschnig (<i>acting Chair</i>)	Alberta Energy
Wayne Inkpen	Agriculture and Food
Bob Willard	Alberta Energy & Utilities Board (EUB)
David McKenna (<i>alternate</i>)	Alberta Environment (AENV)
Tom Nahirniak	Alberta Surface Rights Federation
Don Bester	Butte Action Committee
Deryl Hurl	Canadian Association of Petroleum Landmen
Mike Dawson	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Richard Leslie	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Else Pedersen	Freehold Petroleum & Natural Gas Owners Association (FHOA)
Craig Quintilio	Sustainable Resource Development (SRD)
Mary Griffiths	The Pembina Institute

Others

Karen Henderson (<i>secretariat</i>)	Alberta Energy
Doug Lammie (<i>presenter</i>)	Alberta Energy
Heather vonHauff (<i>presenter</i>)	Alberta Environment (AENV)
Fiona Boulet (<i>observer</i>)	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Dave Rushford (<i>observer</i>)	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Gene Roach (<i>facilitator</i>)	Community Development
Tom Byrnes (<i>observer</i>)	EUB

Absent

David Breakwell (<i>chair</i>)	Alberta Energy
Ken Hoppins	Alberta Association of Municipal Districts & Counties
Rich Smith	Alberta Beef Producers
Sharil Baumgardner	Alberta Environmentally Sustainable Agriculture Committee
Allen Wright	Coal Association of Canada

Welcome

The meeting started at 10:00 a.m. Sharla was acting Chairperson. Gene asked the participants to introduce themselves and the organizations they represented.

Opening Remarks

Sharla conveyed David Breakwell's apologies for not being able to attend. She provided the members with an overview on work the committee has completed to date and achieved milestones. She outlined the key findings of the telephone survey conducted by the secretariat

with non-government committee members. Overall, members were satisfied with the first year review process and endorsed using a similar process this year. Some members emphasized the need to ensure either the primary or alternate member attended (not both) unless the Chair provides approval prior to the meeting.

Update from the EUB - Bob Willard

Bob provided updates on the CBM activity trend, recent EUB actions and two key MAC recommendations:

- All natural gas drilling, including CBM has declined in 2007 as compared to 2006 although the levels fluctuate from month to month. The main industry focus for CBM development continues to be the Horseshoe Canyon with ongoing exploration for dry or low water Mannville coals. The EUB will continue to provide a detailed annual breakdown of all CBM activities.
- Directive 43: Well Logging Requirements: Surface Casing Interval. Effective December 1, 2006, the surface casing intervals on all new wells will require logging. Bob reported very high industry compliance with this new requirement and the additional information is being used by the Alberta Geological Survey (AGS) in mapping groundwater and in AENV water well investigations.
- Directive 44: Requirement for Surveillance, Sampling and Analysis of Water Production in Oil and Gas Wells completed above the Base of Groundwater Protection (BGWP). This directive establishes the requirements that: well licensees must obtain a segregated water sample whenever water is produced (above 5m³/month) in a well with perforations above the BGWP; they provide a production plan to comply with EUB requirements and; they obtain an AENV water diversion application process. Bob reported that segregated water sampling is being done on the targeted wells (both sand and CBM) with a resulting increase in understanding water TDS per depth. However, to date, operators are choosing to abandon the well interval or well rather than pursue a water diversion application.
- Bulletin 2007-10: Alberta's BGWP Information. The bulletin announced the updated BGWP data base is now accessible on the web with increased functionality. This is an example of the increasing knowledge base and a transparent publicly accessible data base. Noting the AGS's detailed briefing last year, Bob invited feedback on the web based BGWP from MAC II members.

As noted previously, the EUB is addressing the issues raised in three MAC recommendations (4.2.1, 7.2.1 and 7.3.1) by its early engagement land pilot initiative. Bob noted that the reports on the first three pilots (Battle Lake and the two CBM projects near Carstairs and Aberdeen) are now on the EUB website. Bob also noted that the next pilot is planned for the Chain Lakes area of the east slopes to address potentially intense, shallow Belly River gas development in an environmentally sensitive area.

Recommendation 3.4.2 E calls for a review of using untreated dugout water and river water in the EUB's drilling and completion practices. Bob reported that the completion date has been delayed. Work has started but the completion date has been revised to the second quarter of 2008. The timeline extension is primarily due to scheduling difficulties for the university professors.

MAC II members were invited to ask questions on other recommendations; completed, ongoing or deferred.

Bob also noted two recent EUB examples that address the broad MAC principals of increased disclosure and easier access to information:

- Bulletin 2007-16: Public Availability of EUB Enforcement Action. The EUB is providing greater information on enforcement issues, including company identification which is publicly available on the EUB website.
- Bulletin 2007-36: New Well Spacing Map and Disposition Documents for Spacing Applications. As of October 29, 2007, an interactive provincial spacing map is available on the EUB website which shows the subsurface well spacing for a specific area.

Committee members requested clarification on the results for recommendation 3.3.7 regarding the meaning of the update “CBM operational compliance is consistent with industry standards”. The EUB explained they found that the type of well (i.e. conventional or CBM) isn’t a factor in the level of industry compliance with regulations; the level of compliance is similar with both types of wells.

A committee member raised a question regarding surface casing protection of groundwater. Noting this question was reviewed in detailed during the MAC consultation process, Bob explained surface casing is designed to provide drilling control. Cemented casing (a combination of surface and production casing) is required as the protection for groundwater. The actual depth of cemented casing will reflect the BGWP and will vary across the province. When wells are abandoned, they must ensure there is cement across all porous wet intervals using the current groundwater knowledge.

Update from Alberta Environment – Heather vonHauff

Heather provided a PowerPoint handout to the members updating the status of AENV recommendations. The largest number of water wells are drilled in the area with the highest usage which is between Edmonton and Calgary. The initiative ‘Water for Life’ signalled the change as to how the government looks at provincial water resources. More consideration is being given to stewardship and conservation. The MAC final report recommendations overlap with some of the AENV initiatives and all are being considered in their policy development.

For recommendation 3.3.1, a committee member asked that the MAC sub-committee members names be included. Also, there will be a number of milestones for this recommendation. Dates should be included as to when these milestones are reached. As work on the recommendation may continue over a long period of time, the status should be ‘ongoing’ rather than ‘on schedule’.

On recommendation 3.3.6.1 the results achieved to date should specify that work on an interim baseline standard was completed in May 2006. The scientific panel is continuing its work to ensure the science to support the standard is sound.

At the 2006 Rosenberg regional workshop it was identified that groundwater should not be managed the same as surface water. There is a need for improved scientific information including the expansion of the provincial groundwater monitoring network and completing the BGWP for Alberta.

An AENV milestone was the installation of four observation wells by the end of January 2007. Although slightly behind schedule, AENV had installed five new observation wells as of April 2007. The network will be further expanded as part of the Provincial Groundwater Inventory program.

A new dedicated sampling trailer was built in 2006 and another one will be created for use in northern Alberta. The trailer allows for more extensive sampling to be taken faster and more efficiently, especially in the winter months. Although there was not a great deal of testing being undertaken over the past five years, the increase in CBM development has led to increased well testing. This year, AENV has already sampled 30 of the planned 50 wells, putting them ahead of

schedule compared to the same time last year. The sampling data will be posted to the AENV website which is currently being restructured.

ACTION

- *David McKenna will provide Karen with a list of the standard field testing parameters for distribution to the MAC II.*

AENV has partnered with the AGS to undertake groundwater mapping which will take place over the next five to ten years. The AGS had previously started mapping the Ardley and a report is expected by approximately March 2008.

The mapping of the BGWP was a two year project and a consistent methodology was applied to data from across the province. The mapping information is available for free on the AGS or AENV website.

KomexWorleyParsons has been commissioned to review how gas moves within the natural systems and the potential impacts resulting from CBM development (MAC recommendation # 3.2.1.4). The report will also examine how the geological characteristics of the Ardley and the Horseshoe Canyon production areas may affect the potential gas migration. The report will be posted to the AENV website once it has been completed.

The baseline water well testing standard initiative is fully operational and complete with the exception of upgrades to the database and a science based review of the appropriateness of the current 600 metre radius of testing. The science panel has met twice in the past year and will meet again in December 2007. The science panel plans to release its report early next year at which point a process will be established to gather input from industry and other stakeholders.

A committee member suggested there is no data being collected on about half the water wells in the province. Although there is no requirement for the results of private water well testing to be submitted for inclusion in the government database, Heather advised there is information on about 500,000 wells on file.

AENV will provide more detailed information online over time. Currently there is only information on surface water and they will eventually add information on groundwater. AENV has also been working on improving public knowledge and education relating to water. They have received some good feedback on their information relating to water well maintenance. Also, in order to increase the number of information sessions they can provide, AENV staff has been providing training to people outside of government e.g. Agriculture Fieldmen, to help deliver the sessions.

In relation to beneficial use of water, AENV is planning discussions relating to: available and applicable treatment technologies; costs, and; how other jurisdictions regulate and define marginally saline groundwater. There have been some recent studies focussing on the beneficial use of water. As there has been little water produced from Alberta CBM wells, there is little data with which to examine beneficial uses.

The Code of Practice has been drafted and is currently under legal review. AENV is still collecting data to look at the scientific basis for water thresholds. A member noted the resolution of the water thresholds is a key issue for industry and would like to know when decisions will be made. They were concerned with how long the process was taking. The MAC II will be able to see the Code of Practice once it becomes available.

ACTION

- *AENV will provide updates to MAC II members on progress relating to the Code of Practice as they become available and prior to the next meeting, if possible.*

AENV is looking at effective groundwater (gw) management and has identified some key actions to ensure it is sustainable, including: improving public education; improving mapping of gw resources; improving gw monitoring; developing new tools for gw management; and improving gather and sharing of data.

Update from SRD – Craig Quintilio

Craig provided a PowerPoint handout to the members. Recommendation 4.3.1 identifies a sequential set of actions to protect the environment and minimize the cumulative impacts from CBM development. The first step is updating or enhancing policy and much of the initial Integrated Land Management (ILM) work has been done; however, a broader Land Use Framework (LUF) initiative has been introduced. The ILM will take direction from the results of the LUF. This change in approach will provide a more comprehensive policy review package but it will take longer to complete. The LUF project started in 2007 and the four working groups made their initial reports to the Minister earlier this year. A great deal of information is available on the SRD website.

Initially, First Nations withdrew their participation from the LUF. However, Treaty 8 is now fully engaged in the process and have submitted proposals to the government. First Nations are still part of the ILM process.

Some of the MAC II members expressed concern about the length of time it would take for the step one reviews to be completed and the ongoing delays in starting subsequent steps. Recommendation 4.3.1 was identified by the MAC as a priority recommendation. One member identified the Rumsey Block as especially needing 4.3.1 action to address potential future CBM development.

Craig noted the LUF and ILM also don't specifically identify CBM in their processes, particularly in environmentally sensitive areas.

ACTION

- *Craig will investigate the possibility of conducting a small pilot project that would demonstrate the benefits of an ILM approach for CBM.*

Updates from Energy – Doug Lammie

Doug provided a handout to members that summarized the current status of Energy led recommendations. Three additional recommendations have been completed bringing the total number of completed recommendations to four. Both recommendations 6.5.1 (allowing an additional one-year continuation under Section 17 of the Petroleum & Natural Gas Tenure Regulation) and recommendation 6.3.1 (to review and clarify criteria for Section 18 Notices of Non-Productivity) have been completed. Recommendation 9.4.2 on information searches has also been completed. The Energy website has been updated to improve navigation and location of information. There is an improved instruction manual which explains how clients can use Energy's interactive maps to find basic information on the disposition and use of Alberta's mineral resources.

Work continues to be on schedule for the remaining four Energy led recommendations.

Other Business

The MAC II discussed a number of recommendation updates, noting that it is important to show when the action was taken, especially on recommendations which require a number of steps taken over a period of time. Also, a difference was noted between activity which is 'ongoing' as opposed to 'on schedule'. It was generally agreed that more detail on some of the updates would be helpful to MAC II, including identifying MAC II members on any committees or sub-committees referenced, details of any funding that has been approved for particular recommendations, and the names of any produced reports.

ACTION

- *Government members will look at the wording for their recommendations to ensure they accurately reflects the actions which have been taken to date.*

Else provided a handout and requested members support FHOA's concerns to address and overturn the previous decisions that they are considered out-of-scope by the MAC II. She has sent a letter to the department requesting the Department of Energy establish and chair a committee to address issues specific to CBM development on freehold lands.

The MAC II adjourned at 2:20 p.m. The next MAC II meeting is scheduled for January 23, 2008 with the third meeting tentatively scheduled for March 6, 2008.